

Terms of Purchase

Article 1 – Fair Dealing and Co-operation

The Parties agree that they shall deal fairly, in good faith and in mutual co-operation with one another. Both Parties recognise that a co-operative and open relationship is needed to achieve a successful co-operation.

Subject always to their respective business interests, the Parties agree on a confidential basis to share relevant information which may have an impact on the co-operation.

Article 2 - Products

The Products to be delivered by the Supplier are described in the agreed Specification(s). The Supplier shall diligently check the accuracy and completeness of the Specification(s). If the Supplier, by virtue of its extensive expertise regarding the Products, ascertains or should have ascertained that any requirements/descriptions in the Specifications are incomplete, or inconsistent with or contrary to, the law or such requirements/descriptions as are normally applied to such Products or Products with a similar description, the Supplier shall immediately inform VELUX thereof.

At the request of VELUX, the Supplier shall deliver a sample of the Products to VELUX for testing.

The Products shall be delivered free from any rights or claims including any third party rights or claims. The Supplier guarantees that the Supplier is the rightful and undisputed holder of any rights to the Products and that the sales and deliveries to VELUX will not in any way infringe any patent, copyright, industrial design or any other proprietary right or result in the misuse or unauthorised disclosure of trade secrets and technical know-how belonging to any third party.

Article 3 - Documentation

Any drawings, technical documentation, certificates, approvals, warranties, etc., which the Supplier is obliged to deliver to VELUX according to the Specification(s) or by the law (including but not limited to the rules concerning CE-marking and REACH) or customs of the country of production and of the countries in which the Products are to be delivered by the Supplier, are considered an integral part of the Products and shall be delivered together with the Products. Any delay in the delivery of such documentation is considered a delay in the delivery of the Products. The costs of delivering such documentation shall be deemed included in the agreed price of the Products.

Article 4 - Orders

The order of VELUX shall be deemed an offer by VELUX to buy the Products, which offer shall remain open for a period of ten (10) calendar days from the date of the order's placement, unless VELUX cancels the order as provided below. The Supplier shall be deemed to have accepted the order under the terms of these Terms of Purchase (a) when acknowledged by the Supplier in writing or (b) if the Supplier fulfils the order. VELUX reserves the right to cancel an order at any time before the Supplier has accepted it. The Supplier is not entitled to any compensation or any other payment in case an order is cancelled before the Supplier's acceptance of the order.

Article 5 – Quality

VELUX General Quality Requirements are mandatory for all Suppliers with respect to materials used in the Products. By signing the Price Agreement, the Supplier accepts VELUX General Quality Requirements, which can be found at and be downloaded from: http://www.velux.com/velux_group/procurement/quality_requirements

For certain materials VELUX may have more specific and detailed quality requirements than described in the VELUX General Quality requirements. In such cases, VELUX will issue specific quality agreements, supplementing the VELUX General Quality Requirements. The supplementary quality requirements will be developed in cooperation with the Supplier.

The Products delivered by the Supplier shall (i) be in conformity with the Specification(s) and any samples supplied by the Supplier to VELUX, (ii) be free from defects in design, material, and workmanship, (iii) be fit for the purposes for which the Products of the same description would ordinarily be used or fit for any particular purpose expressly or impliedly made known to the Supplier and (iv) be produced in compliance with and conform in all respects to all applicable laws, regulations and standards of all applicable governmental authorities.

Article 6 - Environmental Issues and Code of Conduct

The Supplier recognises that the VELUX A/S Group is particularly interested in ensuring that the Supplier observes the guidelines laid down with regard to the protection of the society, the physical environment, the working environment and the treatment of employees.

The VELUX Code of Conduct describes the expectation and requirement of VELUX that the Supplier will fulfil certain legal and ethical/moral requirements. The VELUX Code of Conduct shall have effect as if incorporated by reference into these Terms of Purchase.

Article 7 - Delivery

The terms of delivery shall be DDP (Incoterms 2010) at the address of the ordering VELUX Factory unless otherwise agreed in the Price Agreements or in the order of VELUX.

The Supplier shall deliver the Products, hand over any documents relating to them and transfer the ownership rights to the Products at the agreed place and time of delivery.

VELUX shall take delivery at the agreed time and place of delivery.

Article 8 - Prices and Payment

Prices are as agreed between the Supplier and VELUX. An agreed price is binding upon the Supplier.

VELUX is obliged to make payment at the time and place agreed between the Parties, subject to the submission by the Supplier of an invoice. Payment shall be made in the currency agreed between the Parties. Payment by VELUX is deemed to have taken place when VELUX has instructed its bank to effect payment to the Supplier.

If VELUX fails to pay by the agreed date, the Supplier shall be entitled to charge interest from the day on which payment became due until payment is made in full (both before and after any judgment) at three per cent (3%) above the rate of the main refinancing facility of the European Central Bank in force on the due date of payment. The Supplier shall not be entitled to suspend deliveries of the Products as a result of any sums being outstanding.

Article 9 – Alterations to or Modifications of the Products

The Supplier shall not alter or modify the Products without the prior written consent of VELUX. The Supplier shall notify VELUX in writing of any contemplated alteration to or modification of the Products at least six (6) months before the alteration or modification is scheduled by the Supplier to come into effect.

Article 10 - The Supplier's Breach of Obligations

The Supplier is obliged to deliver the Products in the agreed quantity and quality, at the agreed place and at the agreed time.

Delay

If the Supplier does not deliver the Products at the agreed time, in the correct quantity or to the right place of delivery, VELUX may in writing fix a new delivery date, which will however not be shorter than five (5) working days from the day that the delivery was originally due. If the Supplier does not deliver the Products by the new delivery date, VELUX will be entitled to immediately cancel all or any part of the relevant order.

If the Supplier expects that it will not be able to deliver the Products at the agreed time, in the correct quantity or to the right place of delivery, the Supplier shall forthwith notify VELUX thereof stating the reason for the shortcoming and, if possible, the time when a complete and correct delivery can be expected. If required by VELUX, the Supplier shall forward such notification in writing. Upon the request of VELUX, the Supplier shall be obliged to make use of the fastest way of carriage and delivery (i.e. air shipment) and defray any costs connected with such expedited delivery.

Notwithstanding the foregoing, if the Supplier does not deliver the Products on time, in the correct quantity or to the right place of delivery in accordance with the Parties' initial agreement then, without prejudice to any other rights which it may have, VELUX shall have the right to: (i) cancel all orders in whole or in part, (ii) refuse to accept any subsequent delivery of the Products which the Supplier attempts to make, (iii) recover from the Supplier any expenditure reasonably incurred by VELUX in obtaining the Products in substitution from another supplier and (iv) claim damages for any additional costs, loss or expenses incurred by VELUX which are in any way attributable to the Supplier's failure to deliver Products on time, in the correct quantity and to the right place of delivery, including time wasted by the employees of VELUX.

Defects

The Supplier must deliver Products, which are of the quantity, quality and description required by the Parties' relevant agreement, including the agreed Specification(s), and which are contained or packaged in the manner required by either the contract, specification, order or the law.

Except where the Parties have agreed otherwise, the Products do not conform to these Terms of Purchase unless they:

- (a) conform with the requirements of the agreed Specification(s);
- (b) are free from defects in design, material and workmanship;
- (c) are fit for the purposes for which Products of the same description would ordinarily be used;
- (d) are fit for any particular purpose expressly or impliedly made known to the Supplier at the time of the conclusion of each business transaction;
- (e) conform to any samples supplied by the Supplier to VELUX;
- (f) are packaged and labelled in accordance with the Specification(s), as required by the law or custom, and in a manner adequate to preserve and protect the Products; and
- (g) are produced in compliance with and conform in all respects to all applicable laws, regulations and standards of all applicable governmental authorities.

The Supplier shall for a period of five (5) years from the day of delivery remain liable for defects in the Products.

The performance by VELUX of a test of the Products, including a test of samples of the Products, shall not diminish or otherwise affect the Supplier's obligations under these Terms of Purchase. If any of the Products fail to comply with the above provisions, VELUX shall be entitled, whether or not any part of the Products has been accepted by VELUX, to (i) cancel the relevant order, (ii) refuse to accept any further deliveries of the Products without liability to the Supplier, (iii) claim such damages as may have been sustained as a consequence of the Supplier's breach or breaches of these Terms of Purchase and (iv) avail itself of one or more of the remedies listed below.

VELUX shall not be obliged to inspect or test the Products upon delivery. However, VELUX shall perform reasonable visual inspection of the Products in order to determine whether the Products have been damaged during transportation and, if in the affirmative, VELUX shall within ten (10) working days forward a written notice to the Supplier informing the Supplier of such damage. For any other defects, VELUX shall inform the Supplier within a reasonable time after the defect has been discovered by VELUX. Payment for the Products shall not constitute acceptance of the Products by VELUX.

If the Supplier ascertains that the Products do not, in whole or in part, fulfil the requirements of VELUX, the Supplier can apply for a written exemption from VELUX. An exemption (if granted) contains a single acceptance from VELUX to take delivery of the Products. The Supplier is not entitled to deliver Products that do not fulfil the requirements of VELUX unless VELUX has forwarded its written acceptance of the exemption request (Exemption Certificate) from the Supplier. The grant of an Exemption Certificate shall not diminish or otherwise affect the Supplier's obligations under these Terms of Purchase.

The Supplier is entitled to inspect defective Products in the possession of VELUX. The time and place for the inspection are to be agreed with VELUX.

In addition to any other remedies under law, VELUX shall be entitled to require the Supplier to remedy defects in the Products, by way of repair, refund or reduction of the price, or by replacement. Any transportation in connection with repair or replacement of the Products due to defects shall be at the Supplier's risk and expense. Further, the Supplier shall

be obliged to refund all costs in connection with the handling by VELUX, transportation, sorting or disposal of the defective Products, and the costs of removing defects in Products which already have been used by VELUX or delivered to customers of VELUX (subject, in relation to Products already delivered to customers, to the terms of the last paragraph of this Clause 11. Where claims handling, sorting, testing, service visits etc. is performed by employees of VELUX or a VELUX Factory, the costs shall be calculated by reference to the number of hours spent by such employees multiplied by the applicable average hourly rate (cost base without element of profit) for the VELUX employees carrying out the work. The current applicable average hourly rate is EUR ____ (2012 level).

Products repaired or replaced shall be subject to the provisions of these Terms of Purchase in the same manner as those originally delivered there under.

In addition to any other remedies under law, if the Supplier fails to effect the necessary repair or replacement as required by VELUX in accordance with the above paragraph within fifteen (15) calendar days from the date of the relevant request, whether or not the price has already been paid, VELUX can choose between a) receiving from the Supplier a reduction or refund of the agreed price or b) having the necessary remedial work carried out by a third party at the risk and expense of the Supplier and/or c) having a new product manufactured by a third party at the Supplier's risk and expense, or d) cancelling all or part of the order.

In case the defect is discovered after the Product has been implemented into the products of VELUX and the products have been sold and installed with an end user, the Parties have agreed that the Supplier shall (1) at its own expense deliver replacement Products which conform to these Terms of Purchase to an address specified by VELUX within ten (10) calendar days of the defect being discovered; and (2) pay VELUX a fixed sum by way of liquidated damages as compensation for any costs incurred by VELUX in connection with the removal and replacement or repair of each defective Product. This fixed sum amounts to EUR ____ (2012 level) for the first Product(s) to be replaced and EUR ____ (2011 level) for each subsequent Product(s) that is (are) replaced at the same end user address.

Article 11 - Indemnity

The Supplier shall indemnify VELUX and the VELUX Factories against all actions, claims, demands, proceedings, damages, injuries and costs (including (without limitation) reasonable legal fees and expenses in any proceedings, and, in the case of any non-conforming Products, including (without limitation) the costs of claims handling, sorting and testing of Products, transportation, service visits and product recalls) and all other liabilities of any kind or nature, of or to any person or entity (including VELUX), whether in contract, tort or otherwise incurred or arising as a result of or in connection with:

- (a) any non-conformity or defect as to the Products for which the Supplier is responsible,
- (b) any claim made against VELUX in respect of any liability, loss, damage or injury, cost or expense sustained by the employees of VELUX or agents or by any customer or any third party to the extent that such liability, loss, damage, injury, cost or expense was caused by, relates to or arises from the Products as a consequence of a direct or indirect breach or negligent performance or failure in performance of these Terms of Purchase by the Supplier.

Article 12 – General Limitation of Liability

Notwithstanding the foregoing, the Supplier shall in no event be liable to VELUX or the VELUX Factories for any loss of business, profit, revenue or goodwill.

This limitation of liability will not apply where VELUX or the VELUX Factory has suffered loss caused by the Supplier's wilful misconduct or gross negligence.

Date:
On behalf of the Supplier

Date:
On behalf of VELUX A/S
